

## Message Text

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PAGE 01 LONDON 11462 061617Z

42

ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 USIE-00 SSO-00 NSCE-00 INRE-00

CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03 NSAE-00 NSC-07

PA-04 RSC-01 PRS-01 SP-03 SS-20 SIL-01 LAB-06 EB-11

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 3635

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

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E.O. 11652: N/A

TAGS: UK, PINT

SUBJECT: A BAD WEEK FOR TED HEATH

SUMMARY-AS BRITIAN GIRDS FOR ITS SECOND GENERAL  
ELECTION CAMPAIGN THIS YEAR, HEATH FACES AN UPHILL FIGHT  
TO GET BACK INTO OFFICE. WHILE THE LABOR PARTY AND THE  
TUC WERE REAFFIRMING THEIR "SOCIAL CONTRACT" AT BRIGHTON  
AND RALLYING FOR THE COMING CAMPAIGN, HEATH SUFFERED  
PERSONAL TRAGEDY, THE RETURN OF HIS ARCH-NEMESIS, AND  
THE PUBLIC AIRING OF A POLICY SPLIT IN HIS SHADOW  
CABINET. END SUMMARY

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PAGE 02 LONDON 11462 061617Z

1. THIS HAS BEEN A BAD WEEK FOR TED HEATH. IT OPENED WITH THE SINKING OF HIS YACHT, "MORNING CLOUD"--AN EVENT FRAUGHT WITH MORBID SYMBOLISM AND PERSONAL GRIEF. TWO MEN, ONE OF THEM HEATH'S YOUNG GODSON, WERE DROWNED WHEN THE WELL-KNOWN YACHT WENT DOWN IN A SEVERE STORM SEPTEMBER 2. THE BODY OF HEATH'S GODSON WAS WASHED ASHORE AT BRIGHTON, AT THE VERY TIME THAT THE TUC WERE ASSEMBLED THERE FOR THEIR ANNUAL CONFERENCE.

2. HEATH'S PERSONAL ANGUISH OVER THIS TRAGEDY WAS QUICKLY COMPOUNDED BY THE NEWS THAT ENOCH POWELL, HIS ARCH-NEMESIS IN THE CONSERVATIVE PARTY, HAD BEEN ADOPTED BY THE OFFICIAL UNIONISTS IN SOUTH DOWNS AS THEIR PARLIAMENTARY CANDIDATE AT THE NEXT GENERAL ELECTION (BELFAST 116 AND 118). POWELL WILL BE DEFENDING A SIZEABLE UNIONIST MAJORITY AND HIS ELECTION IS REGARDED AS A VIRTUAL CERTAINTY. WHATEVER THIS MAY EVENTUALLY SIGNIFY FOR THE FUTURE OF NORTHERN IRELAND OR THE UNIONIST COALITION (UUUC), IT IS A DEVELOPMENT THAT CAN ONLY BE DISTASTEFUL TO HEATH.

3. FOR ONE THING, IT REMOVES ANY RESIDUAL HOPE THAT THE UUUC BLOC IN THE NEXT PARLIAMENT MIGHT HAVE BEEN PERSUADED TO ACCORD EVEN TACIT SUPPORT TO ANY CONSERVATIVE-LIBERAL COALITION THAT HEATH MIGHT BE ABLE TO FASHION AFTER THE NEXT GENERAL ELECTION. MORE IMPORTANT, THOUGH, POWELL WILL GAIN A NEW POWER BASE FROM WHICH TO INFLUENCE THE INTERNAL DYNAMICS OF THE CONSERVATIVE PARTY. DESPITE HIS APOSTASY, HE STILL COMMANDS CONSIDERABLE LATENT SYMPATHY IN TORY CIRCLES (AND ELSEWHERE). IF THE CONSERVATIVES FARE BADLY AT THE GENERAL ELECTION, THE LEADERSHIP AND FUTURE DIRECTION OF THE PARTY WILL COME IN FOR SEARCHING SCRUTINY, AND POWELL'S PART IN THAT PROCESS CAN ONLY BE INIMICAL TO HEATH.

4. AS IF ALL THIS WERE NOT ENOUGH FOR ONE WEEK, HEATH'S SHADOW HOME SECRETARY, SIR KEITH JOSEPH, CHOSE YESTERDAY (SEPTEMBER 5), TO DELIVER A MAJOR SPEECH OUTLINING HIS CONSIDERED VIEWS ON HOW TO COPE WITH INFLATION. ALTHOUGH A MEMBER OF THE LAST HEATH GOVERNMENT, HE DISSOCIATED LIMITED OFFICIAL USE

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PAGE 03 LONDON 11462 061617Z

HIMSELF FROM THAT GOVERNMENT'S INCOMES POLICY AND FROM ITS REFLECTION OF THE ECONOMY BY INCREASING THE MONEY SUPPLY. IN A THOUGHTFUL AND WELL-REASONED PRESENTATION, HE ARGUED THAT NO INCOMES POLICY COULD SUCCEED WITHOUT RESTRAINT IN THE MONEY SUPPLY AND THAT THE MAINTENANCE OF FULL EMPLOYMENT MUST NOT BE THE TOP ECONOMIC PRIORITY.

5. ECONOMISTS HERE ARE ALREADY ARGUING THE PROS AND CONS

OF JOSEPH'S CASE, BUT FOR HEATH THE SPEECH IS A POLITICAL EMBARRASSMENT. ON THE EVE OF A GENERAL ELECTION CAMPAIGN, IT HIGHLIGHTS A DIVISION IN THE TORY LEADERSHIP OVER HOW TO COPE WITH THE CENTRAL ISSUE CONFRONTING BRITAIN. PERHAPS MORE DAMAGING, JOSEPH'S APPARENT READINESS TO TOLERATE INCREASED UNEMPLOYMENT WILL GIVE THE LABOR PARTY AMMUNITION IN THE COMING ELECTORAL CAMPAIGN.

6. COMMENT: IT IS DOUBLY UNFORTUNATE FOR HEATH THAT HIS TROUBLES THIS WEEK COINCIDED WITH THE CONTRASTING DEMONSTRATION OF UNITY AND OPTIMISM BEING STAGED BY THE TUC AND THE LABOR PARTY AT BRIGHTON (LONDON 11319). IN THE SIX MONTHS THAT HAVE ELAPSED SINCE HE LEFT OFFICE, HEATH HAS FAILED TO ORGANIZE AN EFFECTIVE FRONT BENCH TEAM OR COHERENT ALTERNATIVE POLICIES. OPINION POLLS CONTINUE TO RATE HIM LOW ON PERSONAL POPULARITY. AS BRITAIN GIRD FOR ITS SECOND GENERAL ELECTION THIS YEAR, HE MUST BE RATED AS THE UNDERDOG IN HIS UPHILL FIGHT TO GET BACK TO DOWNING STREET.  
SOHM

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